

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

October 20, 2021

Parlier Plaza/ Garden Valley Homes II, located at 640 Zediker Avenue/9565 Flores Dr. in Parlier/San Joaquin, requested and is being recommended for a reservation of \$813,279 in annual federal tax credits and \$330,514 in total state tax credits to finance the rehabilitation of 86 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Community Preservation Partners and will be located in Senate District 14 and Assembly District 31.

Parlier Plaza/ Garden Valley Home II is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Parlier Plaza/ Garden Valley Home (CA-2005-882). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-21-156

Project Name PARLIER PLAZA / GARDEN VALLEY HOMES II

Site Address:	<u>PARLIER PLAZA</u> 640 Zediker Avenue Parlier, CA 93648	<u>GARDEN VALLEY HOMES II</u> 9565 Flores Dr. San Joaquin CA, 93660
Census Tract:	68.02	82.00
County:	Fresno	

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$813,279	\$330,514
Recommended:	\$813,279	\$330,514

Applicant Information

Applicant: PSJ INVESTMENT GROUP, LP
Contact: Ronald D. Bettencourt
Address: 531 Mill Road
Auburn, CA 95603
Phone: 805.439.0328
Email: Bettencourtproperties@gmail.com

General Partner(s) / Principal Owner(s):	Bettencourt Properties, Inc. The Beneficial Housing Foundation
General Partner Type:	Joint Venture
Parent Company(ies):	Bettencourt Properties, Inc. The Beneficial Housing Foundation
Developer:	Community Preservation Partners
Investor/Consultant:	WNC and Associates
Management Agent(s):	AWI Management Corporation

Project Information

Construction Type:	Rehabilitation-Only
Total # Residential Buildings:	38
Total # of Units:	88
No. & % of Tax Credit Units:	86 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD Section 8 Project-based Contract (86 Units - 100%) / USDA RHS 515

Information

Set-Aside:	Rural
Housing Type:	Large Family
Geographic Area:	N/A
TCAC Project Analyst:	Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 9	10%
At or Below 40% AMI: 9	10%
At or Below 50% AMI (Rural): 43	50%
At or Below 60% AMI: 25	29%

Unit Mix

24 1-Bedroom Units
15 2-Bedroom Units
24 3-BedroomUnits
18 4-Bedroom Units
5 5-Bedroom Units
86 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
<u>PARLIER PLAZA</u>		
11 1 Bedroom	60%	\$783
3 2 Bedrooms	60%	\$942
6 3 Bedrooms	60%	\$1,087
5 4 Bedrooms	60%	\$1,213
	0%	\$0
<u>GARDEN VALLEY HOMES II</u>		
11 1 Bedroom	50%	\$653
8 2 Bedrooms	50%	\$785
12 3 Bedrooms	50%	\$906
9 4 Bedrooms	50%	\$1,011
3 5 Bedrooms	50%	\$1,116
1 1 Bedroom	40%	\$523
2 2 Bedrooms	40%	\$628
3 3 Bedrooms	40%	\$725
2 4 Bedrooms	40%	\$809
1 5 Bedrooms	40%	\$893
1 1 Bedroom	30%	\$392
2 2 Bedrooms	30%	\$471
3 3 Bedrooms	30%	\$543
2 4 Bedrooms	30%	\$606
1 5 Bedrooms	30%	\$669
1 2 Bedrooms	Manager's Unit	\$0
1 5 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,537,099
Construction Costs	\$0
Rehabilitation Costs	\$6,151,200
Construction Contingency	\$628,000
Relocation	\$200,000
Architectural/Engineering	\$298,000
Const. Interest, Perm. Financing	\$918,664
Legal Fees	\$185,000
Reserves	\$650,000
Other Costs	\$560,326
Developer Fee	\$1,178,666
Commercial Costs	\$0
Total	\$14,306,955

Residential

Construction Cost Per Square Foot:	\$74
Per Unit Cost:	\$162,579
True Cash Per Unit Cost*:	\$165,493

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Construction Loan	\$6,165,000	Permanent Debt	\$5,110,000
USDA RD 515 Loan	\$2,089,565	USDA RD 515 Loan	\$2,089,565
Replacement Reserves	\$51,262	Existing Reserves	\$51,262
Developer Fee	\$814,433	Deferred Developer Fee	\$74,552
Tax Credit Equity	\$5,186,695	Tax Credit Equity	\$6,981,576
		TOTAL	\$14,306,955

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$9,036,436
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$9,036,436
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$813,279
Total State Credit:	\$330,514
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,178,666
Investor/Consultant:	WNC and Associates
Federal Tax Credit Factor:	\$0.83000
State Tax Credit Factor:	\$0.70000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Large Family
Final:	50.176%

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2005-882). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-XX-XXX) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff’s review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a re-syndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

Local Reviewing Agency

The project is located in two cities with different Local Reviewing Agency's. The Local Reviewing Agency for Parlier Plaza, the City of Parlier, has completed a site review of this project and strongly supports this project. The Local Reviewing Agency for Garden Valley Homes II has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
PARLIER PLAZA			
Within 1 mile of transit station or public bus stop	3	3	3
Within 1 mile of public park or community center open to general public	3	3	3
Within 1.5 mile of public library	2	2	2
Within 1 mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 1/2 mile of a Public Elementary School	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	2	2	2
GARDEN VALLEY HOMES II			
Van or dial-a-ride service for rural set-aside	4	4	4
Within 1.5 miles of public park or community center open to general public	2	2	2
Within 2 miles of public library	2	2	2
Within 1 mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 3/4 mile of a Public Elementary School	2	2	2
Within 1.5 miles of medical clinic or hospital	2	2	2
Within 2 miles of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
PARLIER PLAZA			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
GARDEN VALLEY HOMES II			
Adult ed/health & wellness/skill bldg. classes, min. 84 hrs/yr. instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.